GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:4425
ANSWERED ON:24.04.2008
TAXES CHARGED ON MEDICINES
Barman Shri Ranen

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether taxes upto 60 percent are being charged on medicines in the country;

(b) if so, the details thereof; and

(c) the taxes being charged by the Central Government and State Governments on the medicines in the country during the year 2007-08 alongwith the rates thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS & MINISTER OF THE STATE IN THE MINISTRY OF MINES (SHRI B.K. HANDIQUE)

(a) to (c): Upto 29th February, 2008, drugs and medicines attracted 16% excise duty and education cess @ 2% was levied on basic duty.

Presently, 8% excise duty is attracted on all Pharmaceuticals including drugs and medicines. Education cess and Secondary & Higher Education cess amounting to 3% of the basic duty is also levied. However, specified life saving drugs including Anti-cancer and Anti-AIDS drugs and bulk drugs for their manufacture have been exempted from excise duty. Nearly all State Governments have levied 4% VAT except Assam & Meghalaya who have levied 6% VAT on medicines. In States like Kerala and Tamilnadu, some of the life saving drugs are exempted from VAT.